

I have had an opportunity to review the above bill. I certainly see many benefits to the securities industry and the citizens of Michigan offered by the proposed restructuring of the regulatory approach outlined in this bill.

(1) Under the current administration, the formerly robust Investor Education in Your Community Program has been dormant. This program is funded entirely by monies set aside in the Investor Protection Fund in Washington D.C., which is comprised of global settlements. It is also funded via our state act through fines levied against persons who are found to violate the Michigan Uniform Securities Act. Few, if any, fines have been levied under the current administration. Usually these fines are the result of investigations and examinations of registered entities or persons who are not registered and have been conducting unauthorized securities activities.

(2) The Securities industry is highly regulated and except for the registration of people and entities and product, which is required by statute, the results measured by dollars spent on examinations and investigations shows a poor return on the dollars invested. This is in part due to an efficient and robust registration program that brings applicants into compliance at the time of registration.

(3) By the time the Securities Division actually completes an investigation, the damage is done, the dollars are gone and there is no restitution or reparation for Michigan citizens. In 2010, many investigations had been ongoing for over 3 years. These were eventually closed out.

(4) The robust and successful Investor Education in Your Community Program has been dormant since the new administration took over. They re-assigned the Analyst in charge of that program in 2013. This is unfortunate (and I understand they are trying to reconstruct the program) because the program is funded out of a statutorily mandated Investor Education and Training Fund and an IPT fund housed in Washington, D C, which is comprised of global securities settlement monies. No securities registration fees are used to run these programs.

(5) The new administration's efforts have re-assigned former securities staff to other areas and in the process has created substantial inefficiency; the staff no longer has the ability to communicate daily and while I was there, I witnessed increased inefficiency and lack luster results.

The Securities industry is responsible for bringing in approximately 26 million dollars in product, people and entity registration fees each year. The Securities Division is allocated approximately 5-6 million dollars of these fees to "run" the division. Usually, there was a surplus (at least in the two years I was solely involved) and those monies were returned to the General Fund (or should have been) as the Securities Fees are not considered restricted fees by statute. The current administration has demonstrated that the industry and the citizens of Michigan would be more effectively and efficiently served if big government stepped out and let a Commissioner and people who understand how the industry functions oversee it in this state. This structure could maintain the effective registration process while allocating the registration fees so that they would in fact serve the industry and the citizens, instead of simply balancing Bureau budgets and increasing inefficiency.

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